

submitted to the Congress, a request that we appropriate that amount. He is right. We are not creating new funding in this provision but trying to spell out what that funding should be used for.

Mr. LOTT. Well, Mr. President, I thank the chairman for that clarification and for making that point. I might also ask this question: The Senator was a very capable young lawyer in our State years ago, president of the young lawyer's section, and I think he understands this sort of issue. Are you satisfied that this language is such that when and if there is an insurance recovery, those funds will come back to the Federal Government?

Mr. COCHRAN. The Senator is correct. It will not result in a double payment, in effect, to the shipbuilder, of course. And any insurance proceeds that offset the Government's costs are excluded specifically from this provision.

Mr. LOTT. One final point that the Senator made that I think is a very important one. If we do not allow this provision to remain in this legislation, the net cost is going to be twice as much or more.

I believe the questions that have been posed have been answered correctly and appropriately by the chairman of the committee. This provision does not require additional funds. Payments will come out of funds that have already been earmarked for shipbuilding recovery. It is not going to be a process where the shipbuilder will be relieved of trying to recover from the insurance company and, if they recover, they get to keep it. It is important to emphasize those points.

Let me confess to my colleagues, this is personal with me. I admit it. This is my hometown. I grew up in the shadow of this shipyard where 13,000 men and women make their livelihood, the biggest single employer in the States of Mississippi and Louisiana and at one point of Alabamians, a critical component of our national security. They build some of the most sophisticated ships in the world—destroyers, cruisers, LHAs, LHDs, LHARs. And that shipyard got hammered by hurricane Katrina. My dad was a pipefitter in that shipyard and was in the pipe department when he was killed in an automobile accident. I don't just see statistics and numbers; I see neighbors, classmates, men and women who believe in what they do and build quality product. They have been hit a grievous blow.

I understand the effort of the Senator from Oklahoma. On many similar occasions, if I didn't know all the facts or if I weren't as intimately involved, maybe I would be doing something similar to what he is. I understand. But I don't think he has all the facts. Maybe the clarification that my colleague from Mississippi made will help him.

The magnitude of what we were hit with is the most devastating thing we have ever seen. I won't bring out a lot

of charts, but so you will get some idea of the destruction, here is a picture of the shipyard right after the hurricane. This whole shipyard had a direct hit. It is right on the mouth of the river. It got hammered. Five hundred men and women put their lives at risk that night trying to keep ships that were moored there from sinking. This is what we were dealt. Everything in that shipyard was under water. And by the way, just so you will get some idea, there in the background of this picture, those cranes are actually on the water. This photo was actually taken a distance inland, and you see the kind of destruction that was brought on us.

One of the things we did in the aftermath of the hurricane was to say: OK, let's rescue people. Let's get them the basics. Then we sat down and said: What is the order of what we ought to do? No. 1, we need to get our people back to work first. Because if we can get them back in their jobs, even if they don't have a home or a truck, that will begin the return to normalcy. They will have income. Then let's get our schools open. Then let's remove the debris. So we had an order. We have not done this haphazardly.

This provision was not stuck in the bill as an afterthought. It was carefully done. It was done after looking to see what the actual impact was going to be.

Several shipyards in my area—three of them, as a matter of fact—owned by VT Halter had “only” 20 or 30 feet of water. But this shipyard was completely shut down. They made a valiant effort to feed people, get people back to work. Now the shipyard is back up to probably 11,000 people working there.

Talk about getting insurance. Let me put the shipyard in my place. My wife and I lost our home. It is totally gone. I had flood insurance. I also had a household policy. My insurance company said: You had no wind damage. We will pay you nothing. After that house sat there for 4 to 6 hours being hammered by winds of 140 miles an hour with gusts at 160 and 170, they came back and said: No, you didn't have any wind damage. It is not credible. So what am I going to do? I guess I could hock everything and rebuild on that site before I get any insurance, but the “no payment” or the “slow payment” of insurance companies is retarding the entire gulf coast. They are like me; I can't rebuild until I get some insurance proceeds.

They have the problem of how much can they put into this situation without getting the plant back up to operation. They have spent \$550 million to clean up this shipyard, repair the facilities, repair the ships, and cover the cost of business interruption not caused by them. They have done their part. In fact, of that \$550 million, less than one-third, about \$175 million, has been recouped so far from the shipyard's insurance companies. They are going to continue to pursue these insurance claims. I hope they are going

to get a good settlement and they will be able to go forward with business.

But this shipyard had a billion dollars of damage. This matter is about national security. It is about the Navy. It is about the world's best ships. It is about men and women who have busted it to get that shipyard back on line.

The same thing has happened in Louisiana, where a lot of work is done on the LPDs and where they went back to work before they had a bed to sleep in. So this provision is the right thing to do for Gulf Coast recovery and to help the Navy maintain the cost and schedules for its ships.

Let me give you a couple of examples of quotes after the hurricane. After the hurricane, Assistant Secretary of the Navy John Young recognized the significant impact of that storm on Navy shipyard building and national defense. In a letter to Navy and Defense Department leadership, Secretary Young wrote that:

The Navy [should] take an aggressive and proactive approach in helping restore shipyards and returning workers to shipbuilding tasks. Importantly, this approach has the short-term benefit of contributing in a significant way to the restoration of jobs and the economy in the Gulf Coast.

Yard restoration delays, loss of the skilled workforce, and ship delivery delays will translate directly into creation in future years of significant new prior year completion bills on Navy shipbuilding programs.

That was very thoughtful. He was looking at it realistically in the immediate aftermath of this terrible storm. He recommended an action that was appropriate.

Some people say it wasn't in the President's budget. Presidents' budgets don't come down from heaven. They sometimes don't include everything that should be included or maybe it will include something that should not be included. We are a coequal branch of government. We do have a say in these issues. Sometimes we can help. When it came to getting Medicaid for the States affected, we had to take the lead. When it came to getting tax incentives for businesses and industry to create new jobs, we took the lead. When it came to finding a solution for the people who had a home that was not in a flood plain—after the hurricane all they had left was a slab, no insurance, no way to rebuild, and nobody had a solution—Senator COCHRAN came up with a solution and the administration signed it. They didn't do it; we did it in the Congress. We are from there. We are of this situation. We understand the problems.

We are trying to be reasonable. We told our colleagues months ago about what we would need to recover. We have not exceeded that estimate. We are way under that estimate. In some categories we are not even going back and saying we need more, even though we were somewhat shortchanged. We are trying hard to help the people who have been dealt a grievous blow. If we don't do this, the people in that shipyard will be hurt, the Navy will be